

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4424-01
Bill No.: HB 1058
Subject: Children and Minors; Health Care
Type: Original
Date: January 10, 2012

Bill Summary: Establishes Chloe's Law which, subject to appropriations, requires the newborn screening requirements to include pulse oximetry screenings.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Insurance Dedicated	Up to \$5,000	\$0	\$0
Mo Public Health Services	\$0	\$33,460	\$38,068
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$5,000	\$33,460	\$38,068

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Mo Public Health Services	0	1	1
Total Estimated Net Effect on FTE	0	1	1

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Transportation** and **Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state a pulse oximetry screening is routinely performed prior to a newborn's discharge from the hospital. This screening is generally billed as part of a hospital's all-inclusive fee rather than billed separately. Therefore, this legislation does not fiscally impact the MCHCP.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. **The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs.** However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. **Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.**

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000.

ASSUMPTION (continued)

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Department of Social Services (DSS)** state the legislation requires the Department of Health and Senior Services (DHSS) to add pulse oximetry screening to the current newborn screening requirements. Pulse oximetry is a non-invasive test that monitors the oxygenation levels in a patient's hemoglobin. For infants, the test is usually done by placing a sensor on the infant's foot.

This is a test that is routinely given prior to discharge from the hospital. The cost for the test is part of the per diem paid to the hospital. Therefore, there will be no fiscal impact to the Hospital or Physician programs due to this provision.

Normally, the Mo HealthNet Division (MHD) is billed by the state lab for the laboratory portion of newborn screenings and pays the federal portion of the cost while the DHSS pays for the general revenue portion.

While the DHSS will increase the cost of the newborn screening by \$1.50 to cover the cost of the pulse oximetry, the pulse oximetry is not considered part of the laboratory portion of the screening. Therefore, the state lab will not bill MHD for it.

There will not be a fiscal impact to the MHD for this proposal.

Officials from the **Department of Health and Senior Services (DHSS)** provide the following information:

Section 191.334

Division of Community and Public Health

The DHSS assumes that tracking and follow-up of this screening procedure is required to be performed by the department as a result of placing the proposed legislation in Section 191.331, RSMo, which deals with newborn screening requirements.

Based on an estimated incidence of critical congenital heart disease of 170 per 100,000 live births, it is anticipated there would be approximately 134 infants per year in Missouri who would have critical congenital heart disease (17 per 10,000 births with congenital heart disease X 79,000 births per year in Missouri = 134). There may be several thousand repeats that would be submitted, but a reasonable estimate cannot be given because of unfamiliarity and lack of information concerning this proposed screening. The source of the estimate on the incidence of

ASSUMPTION (continued)

congenital heart defects is the magazine *Pediatrics*; Volume 118, Number 4 October 2006: e1250 – e1256. *Report of the Tennessee Task Force on Screening Newborn Infants for Critical Congenital Heart Disease.*

A Health Program Representative II would be needed to track and follow-up on those infants who have had an abnormal pulse oximetry result to ensure they are entered into a system of health care. The job duties will consist of:

- informing hospitals of the legislation;
- training hospital personnel on how to report and complete the newborn screening form that pertains to documenting pulse oximetry results;
- following up on abnormal pulse oximetry results to ensure that the newborn has been treated and is in a system of health care;
- developing program rules that designate how the hospitals are to report results and what results are to be reported;
- developing informational materials for hospitals to give to parents explaining the need for the screen and how the screening is done;
- mailing out program evaluations to parents for their input on how to improve the program;
- recruiting a pediatric cardiologist to become a member of the Newborn Screening Standing Committee;
- collecting data from screening and reporting this information to the newborn screening committee;
- working with Office of Administration, Information Technology Services Division (ITSD) staff to add pulse oximetry screening results and diagnosis, tracking, and follow-up elements to the MOHSAIC data system; and
- running monthly reports to find those newborns that did not have a pulse oximetry screen completed so the family can be contacted and have them return for the screen.

It is estimated the cost for printing educational materials for hospitals and parents regarding the screening will be \$0.06 per form. The DHSS assumes 100,000 will be ordered printed the first year at a cost of \$6,000 (\$0.06 x 100,000). This will be an ongoing cost.

Adding this screening to the existing newborn screening requirements will require the State Public Health Laboratory, Newborn Screening Unit to revise the newborn screening form. Revision of the existing form should not have a fiscal impact.

ASSUMPTION (continued)

Office of Administration, Information Technology Services Division (ITSD)

ITSD will need to make changes to the existing data system that captures newborn screening information to expand the newborn screening requirements to include pulse oximetry screening results. One (1) IT Consultant would be needed to provide high-level database and programming skills for the application (520 hours x \$69.00 per hour, which is consistent with existing statewide IT Consulting contract). This results in an estimated \$35,880 cost for the first year. No costs are anticipated for succeeding years.

Funding for the Program

Currently DHSS charges a fee to hospitals for specimen collection forms to recoup costs for testing and administering the Newborn Screening Program. The DHSS assumes this fee will need to be increased by approximately \$1.50 to cover the additional costs required to implement this legislation. However, the current fee cannot be increased without an amendment to 19 CSR 25-36.010. This process generally takes six months to a year to complete; therefore, the DHSS assumes additional fee revenue to cover the provisions under this legislation will not be available until FY 2014 ($\$1.50 \times 79,000$ newborns = \$118,500). Since the legislation has an implementation date of January 1, 2013, the DHSS assumes General Revenue will be needed in the first year to make needed system modifications, work with hospitals on the new testing and reporting requirements, and implement the new testing requirements on January 1, 2013. It is assumed funding for the program after the first year will be paid from fee revenue, which will be deposited in the Missouri Public Health Services Fund.

The DHSS assumes FY 13 costs to the General Revenue Fund of \$99,295 and net income to the Missouri Public Health Services Fund of \$36,333 for FY 14 and \$35,231 for FY 15.

Oversight assumes the DHSS could absorb the additional caseload that may result from this proposal within existing resources for FY 13. **Oversight** believes since the program starts January 1, 2013, the majority of responsibilities listed for the one (1) additional FTE would probably not be incurred until FY 14. Therefore, **Oversight** assumes the DHSS could absorb one (1) FTE for FY 13. In addition, **Oversight** assumes the DHSS does not need additional rental space for one (1) FTE for FYs 14 and 15.

No hospitals responded to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
MISSOURI PUBLIC HEALTH SERVICES FUND			
<u>Income - DHSS (§191.334)</u>			
Newborn Screening Fee	\$0	\$118,500	\$118,500
<u>Costs - DHSS (§191.334)</u>			
Personal service (1 FTE)	\$0	(\$33,754)	(\$34,092)
Fringe benefits	\$0	(\$17,869)	(\$18,048)
Expense and equipment	\$0	(\$21,544)	(\$16,300)
Program costs	<u>\$0</u>	<u>(\$11,873)</u>	<u>(\$11,992)</u>
Total Costs - DHSS	<u>\$0</u>	<u>(\$85,040)</u>	<u>(\$80,432)</u>
FTE Change - DHSS	0 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON MISSOURI PUBLIC HEALTH SERVICES FUND	<u>\$0</u>	<u>\$33,460</u>	<u>\$38,068</u>
Estimated Net FTE Change for Missouri Public Health Services Fund	0 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Section 191.334

This proposal will require all birthing hospitals and birthing centers to have a pulse oximeter to screen infants for low oxygen levels that can be indicative of congenital heart defects.

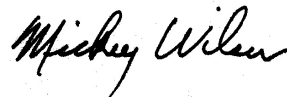
FISCAL DESCRIPTION

The proposal establishes Chloe's Law which, subject to appropriations, requires the newborn screening requirements to include pulse oximetry screenings.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions, and Professional Registration
Department of Health and Senior Services
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Joint Committee on Administrative Rules
Missouri Department of Conservation
Office of Secretary of State



Mickey Wilson, CPA
Director
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HWC:LR:OD